LOC

Grocery Industry Insights

Key Findings from our **2026 Exploring Grocery Technology Trends** Survey

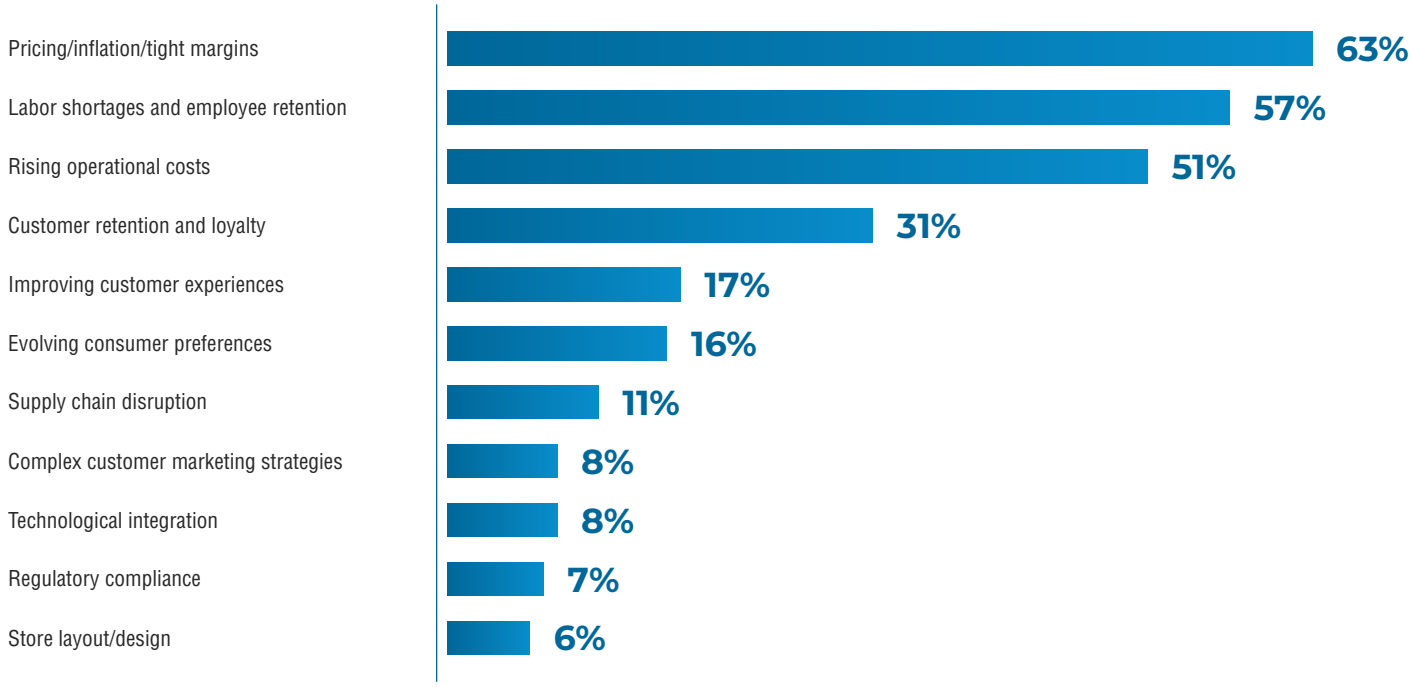
The State of Independents

The data is undeniable. Grocers are ready to embrace grocery technology trends that can help them achieve their business goals, but barriers are standing in their way.

We collaborated with The Shelby Report and PDG Insights to survey grocers in September and October 2025. More than 100 managers, directors, and executive leaders responded, representing 100+ store chains in addition to small and mid-tier grocers. Although these businesses vary in size, they're facing similar challenges.

BIGGEST CHALLENGES IN GROCERY RETAILING

(% of Respondents)



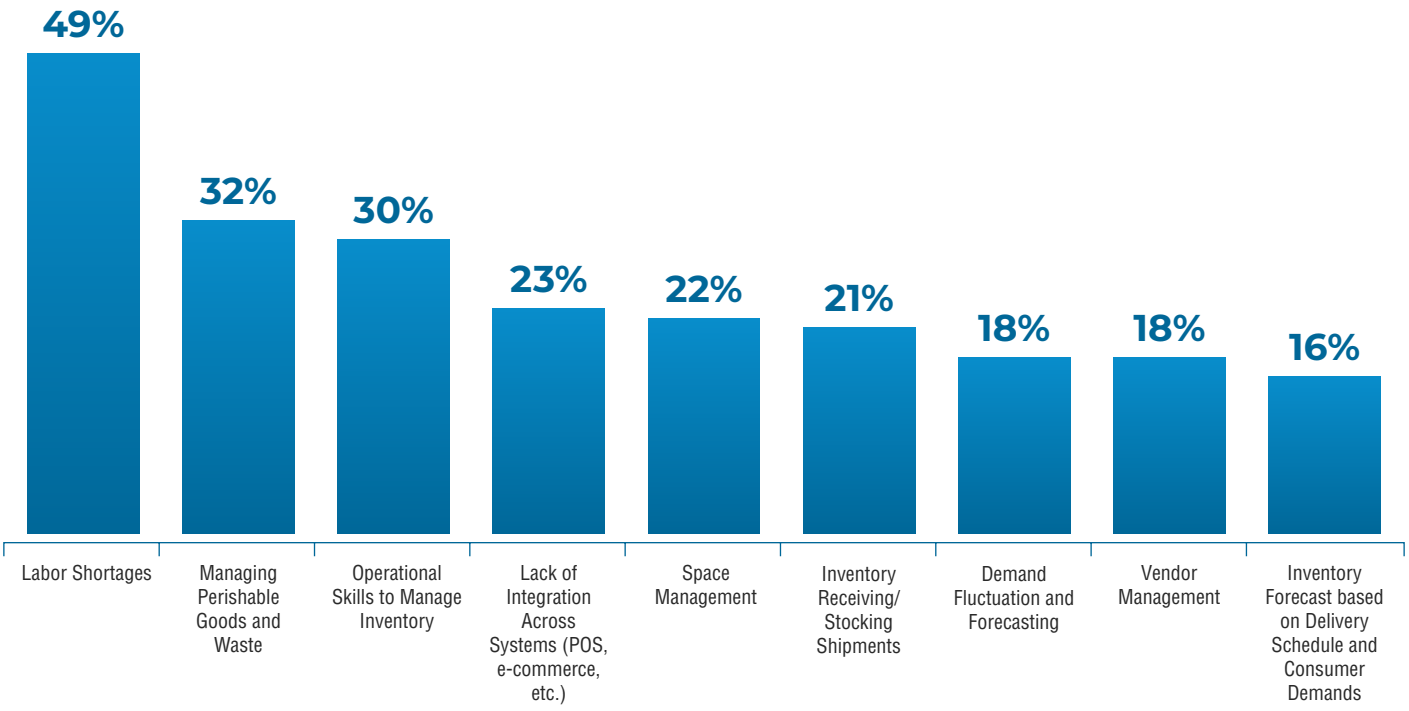
Grocers Face Tight Margins, Labor Shortages, and Operational Costs

About two-thirds (63%) of grocers say that tight margins, inflation, and pricing add up to the biggest challenge they face as they approach 2026. Additional pain points impacting grocers are labor shortages, employee retention (57%), and rising operational costs (51%).

The data shows that many grocers are struggling in all three of these areas. These compounded pressures underscore the need for grocers to adapt their approach to running their businesses.

TOP INVENTORY MANAGEMENT CHALLENGES

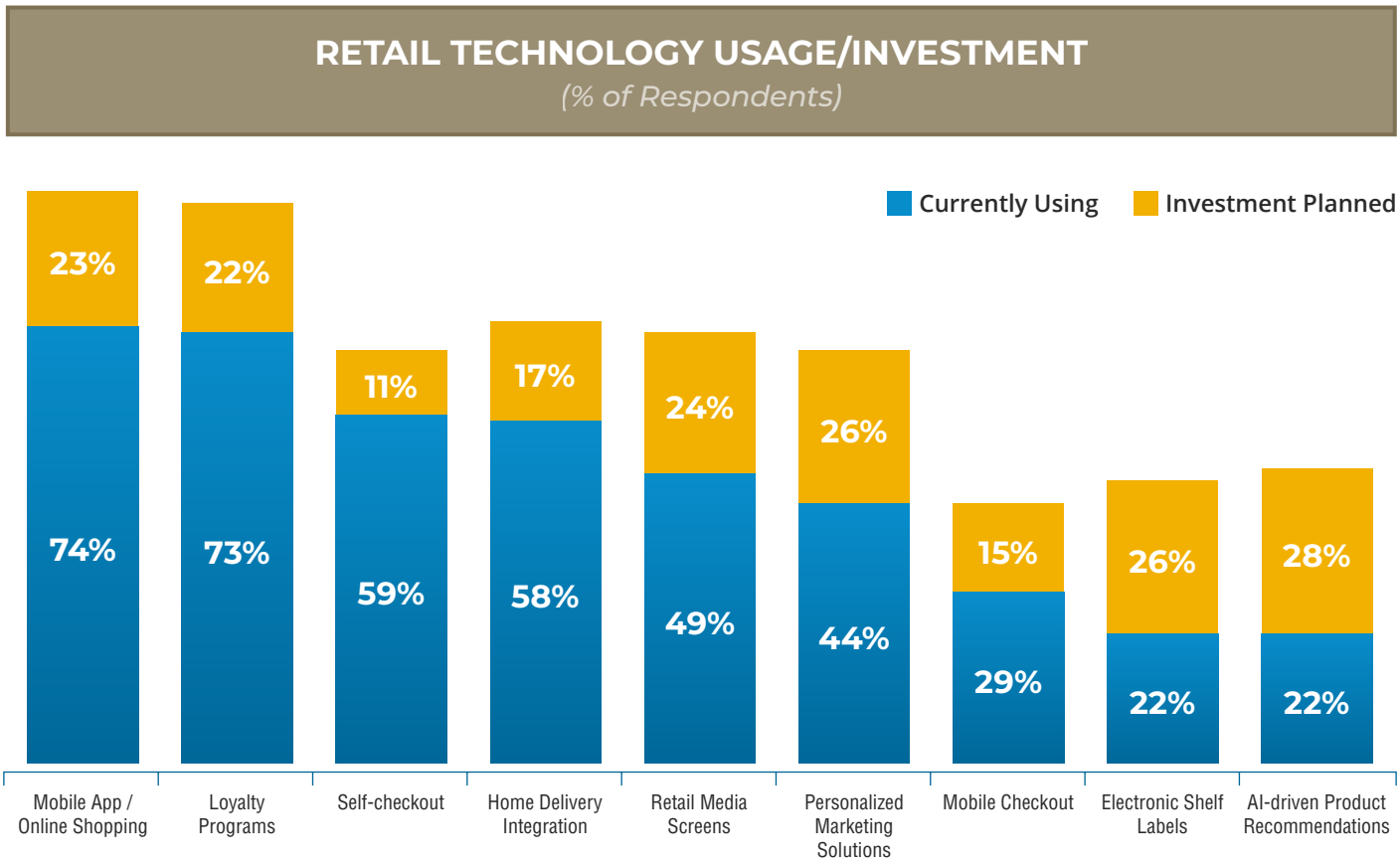
(% of Respondents)



Grocers Need More Effective Inventory Management Solutions

Effective inventory management is always a grocer's top priority. Keeping popular items in stock while minimizing food waste and shrinkage requires the right balance between accurate, on-time ordering and keeping the right quantity of fresh items on shelves.

Almost half of grocery stores (49%) say that labor shortages are their top inventory management challenge. Stores also report that they need a better way to manage perishables (32%), and 30% say their teams lack the operational skills to manage inventory. Grocers report that inventory management is the primary area of their businesses in which they use data analytics, which can help them reduce waste and fill skill gaps.



An Overview of Current and Future Grocery Technology Investments

Data from our survey shows that grocers have made significant progress with their technology roadmaps. The most popular technologies that grocers have invested in are online ordering or mobile apps (74%) and loyalty rewards programs (73%). A majority (59%) also offer self-checkout and have integrated with home delivery platforms (58%).

However, new technology investments show that grocers are beginning to focus on different grocery technology trends. The most common response from survey respondents about planned investment is deploying AI to make personalized offers and product recommendations (28%). However, more than one-fourth of grocers are also eyeing electronic shelf labels (ESLs) as a way to update prices more quickly and accurately. Combined with data analytics for price optimization and automated updates, grocers can overcome challenges related to labor shortages and staff lacking in inventory management skills.

Another growing area of investment is retail media. This technology allows grocers to use customer-facing screens for engagement and advertising that can help them build a new revenue stream. Interest in these grocery technology trends shows that business leaders are educating themselves about new opportunities and planning to capitalize on them.

Grocers' Views on Technology and Productivity

Our survey confirms that the point of sale (POS) system is still the technology tool that most grocers use to increase productivity. Supply chain and inventory control platforms are the top productivity drivers for 30% of stores, and equipping staff with mobile solutions like tablets or handheld computers is third at 29%.

Interestingly, some grocers in the survey consider omnichannel systems, ESLs, and customer marketing tools as the most valuable technologies for increasing productivity. Food safety solutions, security systems, cloud-based platforms, and AI tools, like data analytics and chatbots, are also emerging grocery technology trends due to their time-saving and workflow-optimization capabilities.

59% of grocers base technology buying decisions on investment (ROI), and 50% on ease of integration.

Top Factors in Choosing a Grocery Technology Solution

Even if grocers see a technology's ability to boost productivity or provide another business value, the decision to implement it basically comes down to two things: Most respondents (59%) indicated return on investment (ROI), and 50% base decisions on ease of integration. These responses are not surprising from leaders in an industry that must carefully protect margins and avoid disruptions to operations to stay viable.

About one-third of survey respondents say their decisions on new technology implementations are based on business alignment, and 27% say it depends on consumer adoption. Somewhat unexpectedly, only 18% say the solution's ability to enhance customer experiences is a factor in technology purchasing decision-making.

Grocers Have Cybersecurity Concerns

Security is top of mind for grocers implementing new technology. It is the top concern among retailers using cloud systems, with 51% concerned over data security and privacy risks. Grocers are also concerned about cybersecurity risks, although this is one area with differences based on the size of the business. Among small grocers with 1-9 stores, 78% are extremely or moderately concerned about their cybersecurity, while only 60% of businesses with 100+ stores had the same degree of concern. While any grocer can be a target, it is likely that larger chains have more resources and technologies to defend against cyberattacks than their smaller counterparts, which makes them more confident to prevent or sustain an attack.

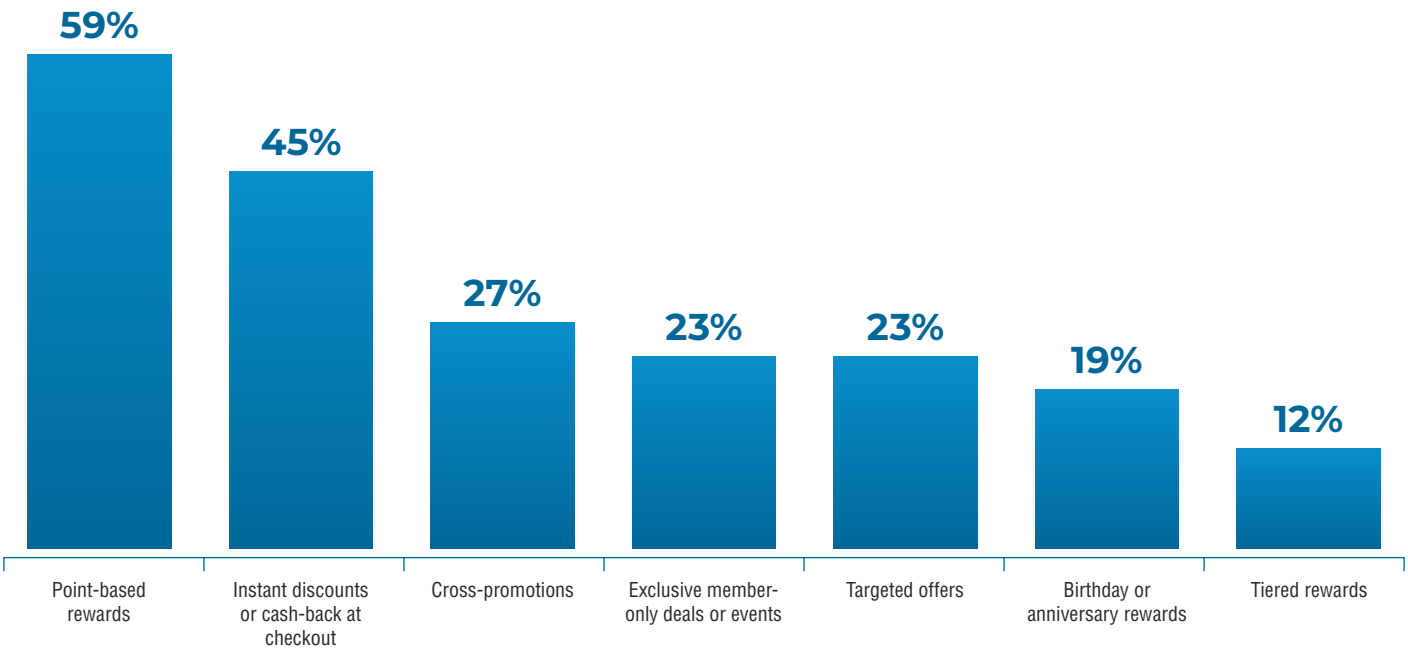
None of the grocers in our survey relies on only one security measure to protect data and infrastructure. They use a combination of security audits and vulnerability assessments, data encryption, employee security training, and secure payment processing systems.

Most Grocers Aren't Achieving Their Goals with Loyalty Rewards

Besides using legacy tactics like sales promotions, weekly specials, and BOGO sales, offering loyalty rewards is the most common way grocers drive traffic. Among respondents to our survey, 79% offer loyalty programs, but this number increases to 90% for grocers with 100+ stores and drops to less than 60% for small independent chains.

TYPES OF LOYALTY PROGRAMS OFFERED

(% of Respondents)



Although loyalty rewards programs are common, grocers aren't sold on their effectiveness. In fact, only 48% believe their program is effective. We also found that grocery store loyalty rewards program software must be flexible. Grocers try everything from points-based rewards (59%), and discounts/cash back (45%) to cross-promotions (27%) and tiered rewards (12%). Furthermore, most grocers offer multiple types of rewards, 2.3 types on average. These survey findings show that grocers need a more strategic approach to building traffic and improving the bottom line with a loyalty program.

Grocery Technology Trends that Have Grocers' Attention

Grocers are staying informed about emerging technologies and expect these innovations to reshape their industry in the next three to five years. Leading the list is artificial intelligence, which 75% agree will impact operations, and many are using it today. Among our survey respondents, 35% are using AI to personalize offers (35%), suggest additional products (27%), optimize prices (27%), and optimize employee schedules (22%).

35% of retailers are using AI to personalize offers

Other emerging grocery technology trends are robotics and automation (61%), augmented or virtual reality (24%), smart carts and cashierless checkout (23%), and biometric payments (20%). However, a sobering finding in our survey is that fewer than 10% of grocers currently feel prepared to integrate emerging technology in the next five years.

Top Insights and Conclusions from Our Grocery Technology Trends Survey

- Economic and labor pressures are persistent in the industry, which threaten margins, operational efficiency, and customer experiences.
- Grocers have made progress with technology adoption, but the industry is still finding its way to a standard tech stack. Solution flexibility and integration are key during this time of disruption.
- High ROI, easy-to-integrate grocery technology solutions are in demand.
- Grocers still rely heavily on tried-and-true marketing and promotions strategies, but need a more strategic approach to loyalty rewards.
- Fewer than 10% of grocers feel prepared to implement advanced solutions.

Where To Turn to Stay on the Leading Edge of Grocery Technology

This survey is just one initiative in LOC's decades-long history of dedication to the independent grocery space. LOC has been at the forefront of grocery technology innovation, developing solutions that help grocers eliminate inefficiencies and pain points and optimize retail performance.

ThriVersA, our comprehensive suite of software solutions, empowers grocers to overcome their toughest challenges. ThriVersA empowers grocers with a wide range of technology tools they can use to enhance business operations:

- Computer-assisted ordering and price optimization
- ESL integration to automate price display updates
- Inventory management with features for controlling shrinkage
- Analytics that personalize offers and help to increase basket size
- Easy mobile solution implementation via a hardware-agnostic system
- The industry's most flexible, feature-rich loyalty rewards program
- An IT toolkit that gives grocers management like larger competitors
- Secure, cloud-based software supported by experienced local LOC consultants

We hear independents loud and clear, and we're committed to providing the grocery technology necessary for success. **Contact us to learn more.**

About LOC

For over 30 years, LOC Software has been at the forefront of retail technology. Our configurable suite of solutions empowers high-volume, independent merchants to optimize retail performance. Its flagship suite of software modules, ThriVersA, includes point of sale, back office, headquarters, eCommerce, self-service, loyalty, and more, giving retailers the freedom to design the solution that supports their unique processes and workflows. Our cloud and on-premises retail solutions provide the flexibility to access and manage operations from anywhere, ensuring your business runs smoothly—whether you're in-store, at headquarters, or on the go.

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